

THE INFLATION REDUCTION ACT (IRA) ONE YEAR LATER:

A REPORT CARD BY EPW
RANKING MEMBER
SHELLEY MOORE CAPITO



**THE IRA GIVES \$50 BILLION TO AGENCIES IN THE COMMITTEE'S
JURISDICTION TO GO ON A RECKLESS SPENDING SPREE.**

CLAIM: President Biden has called the IRA the “most aggressive action ever...in confronting the climate crisis,” and the EPA claims the \$27 billion “Green Bank” slush fund will help meet the Paris Agreement goal of reducing carbon emissions 50 percent below 2005 levels by 2030. (See *EPA Press Release, 7/14/2023*)

FACT: The Administration has not broken down whether and how *each* IRA program is anticipated to reduce emissions. Instead, only general claims about the effects of the law *as a whole* have been presented. (See *Department of Energy IRA Emissions Analysis and Methodological App'x, 8/2022*)

Example IRA Programs

Greenhouse Gas
Reduction Fund

\$27 bil

Climate Pollution
Reduction Grants

\$5 bil

Environmental and
Climate Justice
Block Grants

\$3 bil

**...and
many
others**

= \$41.5 bil

**in funding for the Environmental
Protection Agency (EPA) alone
through the IRA!**

THE IRA HARMS THE ECONOMY, WASTES TAXPAYER MONEY.

The EPA's IRA climate funds are at increased risk for waste, fraud, and abuse.
(See *EPA Office of Inspector General Congressional testimony, 3/29/2023*)

The EPA's recent proposal to require the power sector to adopt unproven, costly technologies, which the agency tries to justify through reliance on tax subsidies in the IRA, "could place the reliability of the electric grid in jeopardy." (See *ISO-RTO comments re: Clean Power Plan 2.0, 8/8/23*)

THE ADMINISTRATION IS TALKING OUT OF BOTH SIDES OF ITS MOUTH.

In trying to justify recent regulatory proposals like the the Clean Power Plan 2.0, the EPA presumes the IRA tax credits will lead to widespread deployment of carbon capture, utilization, and sequestration (CCUS), hydrogen, and other technologies without delay. That does not line up with top Biden officials' statements.



John Podesta, White House Senior Advisor: "Right now, the **permitting process** for clean energy infrastructure, including transmission, is **plagued by delays and bottlenecks...**" (5/10/2023)



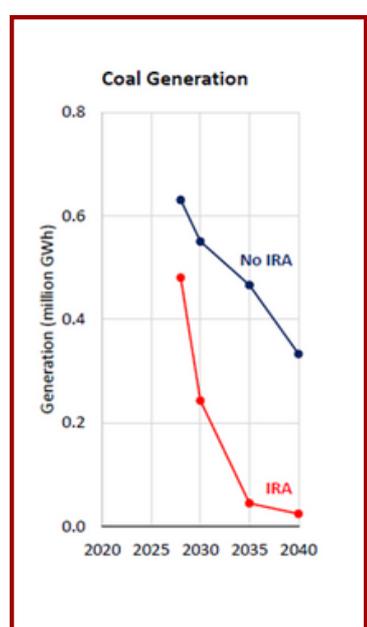
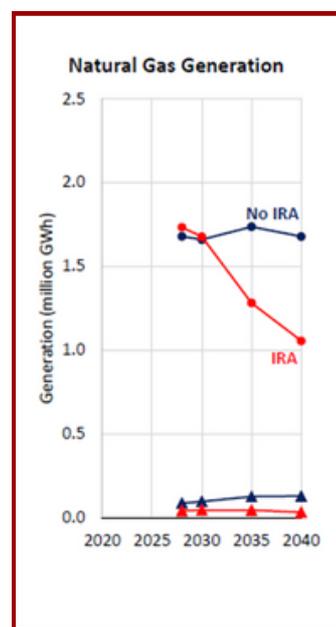
John Kerry, Special Presidential Envoy for Climate: "If you're able to abate the emissions, capture it...But we don't have that at-scale yet... It might not work." (AP, 5/17/2023)

NEW BIDEN REGULATIONS, ON TOP OF THE IRA, WILL DESTROY THE RELIABILITY AND AFFORDABILITY OF OUR ELECTRICITY.

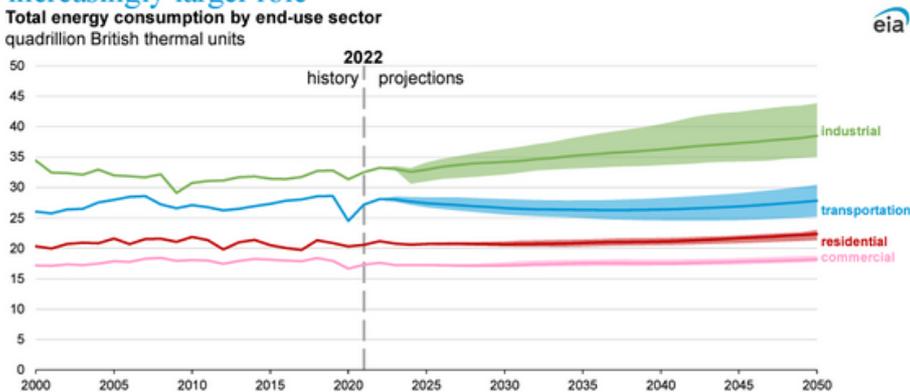
The IRA imperils the continued availability of a reliable electricity supply.

The EPA's modeling projects that electricity generated from coal and gas will plummet because of the IRA, yet **the EPA does not account for likely increases in electricity demand** from electric vehicles, building electrification, and appliances. The Energy Information Administration (EIA) has projected rising energy demand through 2050.

(Slides at right: EPA Presentation, 2/15/2023; slide below: EIA Annual Energy Outlook, 3/16/2023)



U.S. energy consumption increases to 2050, and electricity plays an increasingly larger role



Data source: U.S. Energy Information Administration, Annual Energy Outlook 2023 (AEO2023)
Note: Total consumption in end-use sectors includes purchased electricity and electricity-related losses. Each line represents AEO2023 Reference case projections. Shaded regions represent maximum and minimum values for each projection year across the AEO2023 Reference case and side cases.

Yet despite projected growing demand and decreasing supply of baseload power, **the EPA continues with its aggressive plans to shut down even more baseload power plants** through a series of new regulations. (See Hearing Opening Statement by EPW Ranking Member, 4/26/2023)

IRA: RIPE FOR WASTE, FRAUD, AND ABUSE

CASE IN POINT: Under IRA Section 60201's \$3 billion Environmental and Climate Justice Block Grants Program, the law requires funding to go to "community-based nonprofit organizations," including to help them block or slow down projects.

84 percent of EPA's IRA funding has to be out the door by the end of September 2026.

To meet the IRA's deadline, the EPA could spend *all* of its \$27 billion in Green Bank funding over the next 13 months; the EPA did not issue *any grants* for the program in the first year.

“

The pace of this [EPA IRA] spending when conducted by newly created programs and received by new recipients, significantly increases the vulnerability of all parties to fraud and creates the potential for errors or inefficiencies in execution.

-EPA Inspector General, 3/29/2023

”

AND NOW DEMOCRATS WANT A SEQUEL.

*Senator Bernie Sanders wasn't joking when he said Democrats see the IRA as “**a modest step forward.**”*

*“If we get a seat or two more in the Senate, which I think we will, take back the House, keep the presidency – even though we passed the IRA, **you ain't going to see nothing yet.** We're going to do even **bigger and better things.**”*

- Senator Chuck Schumer



Source (quotes): Emma Dumain, "On anniversary of climate bill deal, Democrats want more," E&E Daily (7/27/2023).

*Democrats plan to push for an IRA 2.0 with an even greater scope, which could lead to **trillions more in wasteful spending** if they're in charge again.*